

Message Text

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SUBJECT: RUBBER: ANRPC RUBBER PRICE STABILIZATION SCHEME

REF: STATE 2587

1. DR. PHIT PANYALAK, HEAD OF THE RTG RUBBER REPLANTING FUND AND A SENIOR THAI DELEGATE TO ANRPC RUBBER PRICE STABILIZATION SCHEME DISCUSSIONS, PROVIDED THE FOLLOWING INFORMATION JANUARY 20 ON RESULTS OF ANRPC MEETING HELD IN BANGKOK IN DECEMBER AND CURRENT STATUS OF ANRPC EFFORTS TO SET UP A RUBBER PRICE STABILIZATION MECHANISM.

2. DR. PHIT EXPLAINED DECEMBER MEETING WAS A "WORKING SESSION" AND WAS ATTENDED BY DELEGATES FROM INDIA, INDONESIA, MALAYSIA, SINGAPORE, SRI LANKA AND THAILAND. DELEGATES AGREED ANRPC'S PERMANENT HEADQUARTERS WOULD BE SET UP IN KUALA LUMPUR, WITH LOCAL OFFICES IN EACH MEMBER COUNTRIES. DR. PHIT STRESSED STAFF MEMBERS WILL BE EMPLOYEES OF ANRPC, NOT OF THE INDIVIDUAL GOVERNMENTS INVOLVED. HOWEVER, THE QUESTION OF STAFFING AND ADMINISTRATION WAS NOT SERIOUSLY DISCUSSED. DR. PHIT SAID THAT FINDING QUALIFIED PARSONNEL IS A MAJOR PROBLEM IN PUTTING ANY STABILIZATION SCHEME INTO OPERATION
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AND HE BELIEVES THE STAFF WILL BE WEIGHED HEAVILY IN FAVOR

OF MALAYSIANS AND SINGAPOREANS, SINCE THEY HAVE THE EDGE OVER OTHER ANRPC MEMBERS IN NECESSARY ADMINISTRATIVE AND TECHNICAL KNOW-HOW.

3. THERE WAS ALSO A CONSENSUS THAT THE INITIAL TERM OF ANY PRICE STABILIZATION AGREEMENT WOULD BE FIVE YEARS, WITH A THOROUGH STUDY OF HOW THE SCHEME IS WORKING AND POSSIBLE REASSESSMENT OF MEMBER CONTRIBUTIONS AFTER THE FIRST TWO YEARS. EACH MEMBER'S INITIAL FINANCIAL CONTRIBUTION WILL BE BASED ON ITS PERCENTAGE SHARE OF THE TOTAL RUBBER PRODUCTION OF ANRPC MEMBERS DURING THE PAST TWO YEARS. IN THAILAND'S CASE, THIS WILL BE TWELVE PERCENT OF THE \$100,000 VALUE OF THE INITIAL BUFFER STOCK. THE ACTUAL STOCKS WILL CONTINUE TO BE HELD IN THE COUNTRY WHERE PURCHASED UNTIL THE ANRPC HEADQUARTERS ORDERS THEIR RELEASE ONTO THE INTERNATIONAL MARKET. THE HEADQUARTERS WILL ALSO DETERMINE THE PRICE AT WHICH THEY ARE TO BE RE-LEASED.

4. ACCORDING TO DR. PHIT, THE ONLY REMAINING MAJOR POINT OF CONTENTION CONCERNS THE AMOUNT OF CONTROL ANRPC MEMBERS WILL HAVE OVER THEIR FINANCIAL CONTRIBUTIONS AND HOW THEY ARE TO BE SPENT. THE RTG WANTS ITS CONTRIBUTION USED EXCLUSIVELY TO PURCHASE THAI RUBBER DURING THE FIRST TWO YEARS. A MALAYSIA/INDONESIA/SRI LANKA PLAN WOULD LIMIT TO SEVENTY-FIVE PERCENT THE AMOUNT OF EACH MEMBER'S CONTRIBUTION WHICH WOULD BE OBLIGATED TO PURCHASE THAT MEMBER'S RUBBER. SINGAPORE WOULD ACCEPT ANY DECISION FROM THE ANRPC HEADQUARTERS ON HOW ITS CONTRIBUTION SHOULD BE USED BUT WANTS TO RETAIN PHYSICAL CONTROL OVER ITS FUNDS UNTIL THEY ARE SPENT RATHER THAN TRANSFER THEM TO KUALA LUMPUR.

5. ANRPC MEMBERS HAVE AGREED TO A FEBRUARY "HEADS OF DELEGATIONS" MEETING IN MALAYSIA. THIS WILL BE AN INFORMAL SESSION TO WORK OUT A COMPROMISE ON CONTROL AND USE OF FUNDS AND ANY OTHER "FINAL DETAILS" OF THE PRICE STABILIZATION SCHEME. THE RTG, MALAYSIA GROUP AND SINGAPORE PROPOSALS ON CONTROL OF FUNDS ARE NOW BEING STUDIED BY THE RTG MINISTRY OF AGRICULTURE AND COOPERATIVES' RUBBER COMMITTEE TO ARRIVE AT AN RTG POSITION LIKELY TO BE ACCEPTABLE TO ALL ANRPC MEMBERS. THIS POSITION WILL REQUIRE CABINET APPROVAL. OTHER MEMBERS

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ARE PRESUMABLY DOING THE SAME. TENTATIVE PLANS ALSO CALL FOR AN ANRPC PLENARY SESSION IN MARCH OR APRIL TO FORMALIZE THE FINAL AGREEMENTS IT IS HOPED WILL BE REACHED IN FEBRUARY. HOWEVER, THERE IS STILL NO FIRM TIMETABLE FOR SETTING UP A PERMANENT ANRPC BUREAUCRACY OR ESTABLISHING AN ACTUAL BUFFER STOCK.

6. COMMENT: DR. PHIT'S APPROACH IS ONE OF CAUTIOUS OPTIMISM.

HE REALIZES THAT GETTING THE PRICE STABILIZATION CONCEPT INTO ACTUAL PHYSICAL OPERATION WILL PROBABLY STILL REQUIRE A GREAT DEAL OF TEDIOUS COMPROMISE AND ORGANIZATION AND THAT THE TRIAL AND ERROR METHOD WILL PROBABLY PREVAIL AT LEAST INITIALLY. AT THE SAME TIME, HOWEVER, DR. PHIT IS ENCOURAGED THAT ANRPC MEMBERS HAVE FINALLY BEEN ABLE TO BOIL THEIR DIFFERENCES DOWN TO ONE MAJOR ISSUE AND HAVE SHOWN A WILLINGNESS TO MAKE NECESSARY COMPROMISES. DR. PHIT HAS BEEN INVOLVED IN THE PRICE STABILIZATION SCHEME AND BUFFER STOCK NEGOTIATIONS FROM THE BEGINNING AND SAID HE NOW FEELS FOR THE FIRST TIME THAT AGREEMENT IS FINALLY WITHIN REACH.

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